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GOVERNMENT OF PUNJAB

DEPARTMENT OF LOCAL GOVERNMENT

(LG-3 Branch)

NOTIFICATION

The 14th February, 2021

No. 3/1/21-1 lg3/350/1.-Whereas, the Government of India has mandated that to avail additional borrowing limit of 0.25 % of GSDP and to avail the funding in other centrally sponsored schemes of MOHUA, floor rates for property tax in ULBs in consonance with the prevailing circle rates with a system to increase in floor rates in line with price increase need to be notified.

Whereas, the movement to a capital valuation system that links the property assessment rates to the prevailing collector rates, is based on the formula given below-

Property Tax value = (Tax Base x Multiplicative Factor)

Tax Base = [(Plot area in sq. Yard x Collector Rate per square yard) + (Built-up area x Replacement construction cost)]

Whereas, the multiplicative factor for various types of properties shall be as follows:

Type	Multiplicative factor
Residential	0.02%
Commercial	0.1%
Industrial	0.1%

Whereas, initially it may be difficult for the Citizens to find out collector rates and pay the property tax. As such an exercise has been made where properties have been grouped in different categories based on the collector rates. Using the representative collector rates of different categories, per square yard/ per square foot rates have been calculated using the multiplicative factor given in the table above.

Whereas, the state has also simplified the process of filing property tax return through initiatives like

online calculation of the demand, digital payments, assisted assessments through CFC centers and SewaKendras. Service of Door to door collection of property tax is also being introduced.

Therefore, in exercise of the powers conferred by sub section(1) of section 97 of the Punjab Municipal Corporation Act 1976 (Punjab Act No .42 of 1976),and in continuation of notification No2/4/2014-5lg3/379043/1, dated 31st December, 2014 (read with Notification No.2/4/2014-5lg3/469637/1, dated 24thApril ,2015 , No .2/4/2014-5lg3/714334/1,dated 16th March 2016 and No. 2/4/2014-5lg3/845413/1,dated 21st September 2016, the Governor of Punjab is pleased to order that:

1) the floor rates table under clause (4) in the said notification be read as under :-

USE		Rate of tax as per classification and Category (in rupees)			REMARKS
		Area classification	A category cities	B category cities	
1	2	3	4	5	6
Residential houses	For all except single storey houses built on land area up to 125 square Yard	Area 1	5.00 Per Sq Yard	2.00 Per Sq Yard	These rates are for built up area of ground floor.
		Area 2	3.00 Per Sq Yard	1.00 Per Sq Yard	For the basement, first floor, other floors and
		Area 3	2 Per Sq Yard	-	vacant area, the rate will be fifty per cent of the rates specified in the column no. 4/5.
Flats	Having more than 500 square feet super area	Area 1	5.00 Per Sq Yard	2.00 Per Sq Yard	-
		Area 2	3.00 Per Sq Yard	1.00 Per Sq Yard	
		Area 3	2.00 Per Sq Yard	-	
Commercial buildings including Restaurants (except multiplexes, malls, marriage palaces)	Having 100 square feet land or below	Area 1	4.00 Per Sq Ft	3.00 Per Sq ft	These rates are for built up area of ground floor. For the basement, first floor, other floors and vacant area, the rate will be fifty per cent of the rates specified in the column no. 4/5.
		Area 2	2.00 Per Sq Ft	1.50 Per Sq Ft	
		Area 3	1.75 Per Sq ft	-	
	Having 1000 square feet land or below but beyond 100 square feet land	Area 1	5.00 Per Sq ft	4.00 Per Sq ft	
		Area 2	3.00 Per Sq ft	2.00 Per Sq ft	
		Area 3	2.00 Per Sq ft	-	
	Having 1000 square feet land or below	Area 1	6.00 Per Sq ft	5.00 Per Sq ft	
		Area 2	4.00 Per Sq ft	2.5 Per Sq ft	
		Area 3	3.00 Per Sq ft		
Multiplexes, malls etc.		For All Areas	15.00 Per Sq ft	10.00 Per Sq ft	These rates are for Whole Built-up Area Having Distinct Roof and/or partition and for all Floors.

Marriage Palaces		For All Areas	6.00 Per Sq Yard	4.00 Per Sq Yard	These rates are for Whole area of Land.
Hotels	Having 15 rooms of below (Without star, one star or two star)	Area 1	6.00 per square ft	4.00 per square ft	These rates will be for every built up area irrespective of the floor.
		Area 2	5.00 per square ft	3.00 per square ft	
		Area 3	4.00 per square ft	-	
	Having beyond 15 rooms (Without or with)	Area 1	9.00 per square ft	8.00 per square ft	There will be no tax on vacant land and parking area.
		Area 2	8.00 per square ft	6.00 per square ft	
		Area 3	7.00 per square ft	-	
Industrial (any manufacturing unit), educational institutions, and Godowns	Having 4000 square feet land or below	For all areas	5.00 Per Sq Yard	4.00 Per Sq Yard	These rates are for built up area of ground floor.
	Having 4000 square feet land or below	For all areas	7.50 Per Sq Yard	6.00 Per Sq Yard	For the basement, first floor, other floors and vacant area, the rate will be fifty per cent of the rates specified in the column no. 4/5.
Government Building including Buildings of Government Undertakings, Boards or Corporations		Area 1	10.00 Per Sq Yard	4.00 Per Sq Yard	These rates are for built up area of ground floor. For the basement, first floor, other floors and vacant area, the rate will be fifty per cent of the rates specified in the column no. 4/5.
		Area 2	6.00 Per Sq Yard	2.00 Per Sq Yard	
		Area 3	4.00 Per Sq Yard		
Institutional buildings (other than educational institutions,) including community, halls/centres, sports stadiums, social club, bus stands, golf clubs, and such like buildings used for public purpose					These rates are for built up area of ground floor. For the basement, first floor, other floors and vacant area, the rate will be fifty per cent of the rates specified in the column no. 4/5.
		For all areas	7.5 Per Sq Yard	6 Per Sq Yard	

2) Cities shall be categorized as under : -

- (a) Cities of Amritsar, Jalandhar, Ludhiana, Patiala and Sahibzada Ajit Singh Nagar (Mohali) – A Category
- (b) All other cities -- B Category

- 3) Each municipal area of A Category cities shall be classified in three areas (“Area 1”, Area 2” and “Area 3”). “Area 1” shall include the posh area, “Area 2” shall be less posh/developed area, and balance area shall be classified as “Area 3”. Municipal area of B Category cities shall be classified in two areas (“Area 1” and “Area 2”). “Area 1” shall include the posh area, and balance area shall be classified as “Area 2”. These classifications shall be finalized by a committee consisting of Secretary/Principal Secretary Local Government, Director Local Government (who shall be conveyer of the meeting), Mayor of the concerned City, Commissioner of the concerned municipal corporation and Deputy Commissioner of the concerned District in which the city falls. This classification shall be complete within the fortnight from the date of issue of notification and shall be published in the Punjab newspaper and also on notice boards of various places in the municipal area, by commissioner of the concerned municipal Corporation.
- 4) Area classification shall be strictly based on the collector rates. For A Category cities, Area 1 shall be posh areas with higher collector rates; Area 2 shall be less posh / less developed areas with average collector rates; balance area shall be classified as Area 3. For B Category cities, Area 1 shall be posh areas with higher collector rates; balance area shall be classified as Area 2.
- 5) Tax rates to increase by 5% annually and to be reviewed every 3 years to further rationalize based on the fresh collector rates. This shall be effective from the year 2021-22.
- 6) Process of filing property tax return shall be simplified through initiatives like online calculation of the demand, digital payments, assisted assessments through CFC centers and Sewa Kendras. Service of Door to door collection of property tax shall also be introduced.
- 7) These rates shall be applicable to all Municipal Corporations in the state of Punjab.
This issues as per the approval accorded by the competent authority.

Chandigarh
The 14th February, 2021

AJOY KUMAR SINHA, IAS,
Principal Secretary to the Government of Punjab,
Department of Local Government.